KINH DO CORPORATION (KDC)

May 12, 2015

COMPANY UPDATE BRIEFS

KDC and Sewong to establish a manufacturing plant to increase capacity.

On May 12, Kinh Do Corporation (KDC-HSX) and Saigon Vewong officially signed a contract to establish a manufacturing plant in Bac Ninh industrial zone with an initial investment of USD30 million. KDC will contribute 49 percent of the joint venture, with the remainder held by the Taiwanese company, which is a well-known instant noodles producer. In November 2014, KDC entered a partnership with Saigon Vewong to launch a new instant noodle product - “Dai Gia Dinh” brand.

The competitive advantage of the deal will be the Taiwanese company’s experience and sizeable distribution network, combined with the local taste of KDC. The plant’s capacity is planned to reach six million packets per year, to be be raised to 12 million packets in 2017.

The schedule for product development will be:

1) instant noodles and condiments
2) porridge and pho
3) convenience foods
4) sauces

KDC and Saigon Vewong intend to expand to the Middle and South of the country, and eventually to the West. We note that KDC’s products are quite similar to those of Masan Consumer; KDC may therefore need further product research and development in order to compete in this market.

KDC closed today at VND41,000/share (down 0.5 percent), trading at a P/E of 18.5x and a P/B of 1.6x.

CONTACT INFORMATION

For further information regarding this report, please contact the following members of the VPBS research department:

Barry David Weisblatt
Head of Research
barryw@vpbs.com.vn

Ngo Thu Ba
Senior Analyst – Fundamental Analysis
bant@vpbs.com.vn

Pham Tran Huong Giang
Research Analyst - Fundamental Analysis
giangpth@vpbs.com.vn

For any questions regarding your account, please contact the following:

Marc Djandji, CFA
Head of Institutional Sales and Brokerage
& Foreign Individuals
marcdjandji@vpbs.com.vn
+848 3823 8608 Ext: 158

Ly Dac Dung
Head of Retail Sales and Brokerage
dungld@vpbs.com.vn
+844 3974 3655 Ext: 335

Vo Van Phuong
Director of Retail Sales and Brokerage
Nguyen Chi Thanh 1 - Ho Chi Minh City
phuongvv@vpbs.com.vn
+848 6296 4210 Ext: 130

Tran Duc Vinh
Director of Retail Sales and Brokerage
Lang Ha - Ha Noi
vinhtd@vpbs.com.vn
+844 3835 6688 Ext: 369

Domalux
Director of Retail Sales and Brokerage
Nguyen Chi Thanh 2 - Ho Chi Minh City
domalux@vpbs.com.vn
+848 6296 4210 Ext: 128

Nguyen Danh Vinh
Associate Director of Retail Sales and Brokerage
Le Lai - Ho Chi Minh City
vinhnd@vpbs.com.vn
+848 3823 8608 Ext: 146

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Hanoi Head Office
362 Hue Street,
Hai Ba Trung District, Hanoi
T - +84 (0) 4 3974 3655
F - +84 (0) 4 3974 3656

Ho Chi Minh City Branch
76 Le Lai Street,
District 1, Ho Chi Minh City
T - +84 (0) 8 3823 8608
F - +84 (0) 8 3823 8609

Danang Branch
112 Phan Chau Trinh Street,
Hai Chau District, Danang
T - +84 (0) 511 356 5419
F - +84 (0) 511 356 5418